and the Obama administration to act with the urgency this situation demands and devote the necessary attention to this serious threat. While there are problems at home that require our attention, we must not waiver in our efforts to prevent Iran from acquiring nuclear weapons.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. MCHENRY) is recognized for 5 minutes.

(Mr. MCHENRY addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

CONGRESSIONAL BLACK CAUCUS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 2009, the gentlewoman from Ohio (Ms. FUDGE) is recognized for 60 minutes as the designee of the majority leader.

GENERAL LEAVE

Ms. FUDGE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to may revise and extend their remarks and insert extraneous materials on the topic of my Special Order.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

Ms. FUDGE. The Congressional Black Caucus, the CBC, is proud to anchor this hour. Currently, the CBC is chaired by the Honorable BARBARA LEE from the Ninth Congressional District of California. My name is Congresswoman MARCIA FUDGE, representing the 11th Congressional District of Ohio.

CBC members are advocates for the human family, nationally and internationally, and have played a significant role as local and regional advocates. We continue to work diligently to be the conscience of the Congress. But understand that all politics are local. Therefore, we provide dedicated and focused service to the citizens and congressional districts we serve.

The vision of the founding members of the Congressional Black Caucus to promote the public welfare through legislation designed to meet the needs of millions of neglected citizens continues to be the focal point for our legislative work in political activity.

Mr. Speaker, I would now like to yield to our chairperson, the gentlewoman from California (Ms. LEE).

Ms. LEE of California. Thank you very much. First, let me, Mr. Speaker, thank Representative FUDGE and her staff for working with the staff of the Congressional Black Caucus to organize the CBC Special Order every Monday that Congress is in session. This takes quite a bit of time and commitment, but Congresswoman FUDGE, I just want you to know, you continue to play such an important role by ensuring that our voices are heard, that the country hears with regard to the positions of the Congressional Black Caucus, and our work, and I want to thank you and your staff for your steady and consistent work on this.

Tonight, of course, as Congresswoman FUDGE indicated, we're talking about the foreclosure crisis. As we all know, the roots of this current economic crisis are grounded in the housing market, the explosion of the subprime markets, and the unregulated and uncontrolled growth of the derivatives market that drove some of our largest financial services companies into bankruptcy.

We have to be truthful about this. The economic and fiscal policies of the Bush administration have left our country in a mess. They created this mess.

Many of us—and I remember this very vividly—we warned about this impending housing crisis years ago. As a member of the Financial Services Committee for 8 years, I remember expressing my concern about the housing bubble and the subprime loans that were fueling the housing crisis and also the consequences to our economy if the bubble ever popped. But our warnings fell on deaf ears.

I consistently questioned former Fed Chairman Alan Greenspan about the housing bubble. Coming from California, we saw this each and every day—the increasing rates of foreclosure and the rapid growth of subprime and other exotic home mortgages. But, as this crisis was brewing, the Bush administration, the Federal Reserve, and HUD turned a dead ear.

Now, equity in one's home is really the primary path in our country for accumulating wealth, to send one's children to college, to start a small business, and to really enhance the quality of life. Now, this American Dream of homeownership has turned into a nightmare for millions.

The impact of foreclosure also extends far beyond the personal tragedy of the family that loses their home. The foreclosure crisis now has reduced property values throughout the neighborhood. It reduces the revenues for local and State governments. It causes increased prices in the rental markets. The abandoned homes often become the blight of our communities.

We took a bus tour in my own community and saw neighborhoods just totally in shambles as a result of homes that had been foreclosed on.

Unfortunately, predatory lending targeted vulnerable populations. Predatory lenders went after communities of color, went after individuals they knew were vulnerable, and were targets. To me, that should be looked at very seriously, and hopefully one of these days some will be prosecuted for that.

When we tried to encourage the banks to participate in voluntary foreclosure prevention programs to help families in distress, they balked and made every excuse to avoid participating.

Now, millions more families are threatened with bankruptcy and foreclosure. AIG—this is unbelievable—AIG can provide what, $165 million in bonuses, taxpayer dollars? This is criminal. It's wrong. It's immoral.

For much of the time that I sat on the Financial Services Committee and its subcommittee on Housing and Community Opportunity, I can tell you that much of the work was focused on affordable housing. In fact, I can remember sitting in a subcommittee hearing talking to then-Congressman now-Senator BERNIE SANDERS from Vermont, sketching out the outlines of legislation creating the Federal Affordable Housing Trust Fund. Although I'm glad we were finally able to get this through the Congress, we are all acutely of aware of the funding problems we are seeing now as a result of the foreclosure and economic crisis that we are facing today.

So there is much, much work to be done. That is why many of us are pushing for a moratorium. And I think we need a moratorium on foreclosures. We have been pushing for this from the start of the crisis. That's why we worked to push at every point to include significant and meaningful foreclosure relief and to keep people in their homes, including bankruptcy reform.

But it hasn't been easy, especially given the Bush administration's disastrous economic policies that I mentioned earlier. But these policies range from deregulating the financial industry, to the war in Iraq. Yes, this war in Iraq. $10 billion a month has been part of this huge problem. These tax cuts to the rich, which created this financial mess.

I mean, this is really an unbelievable moment that this administration has stepped up to the plate on to move forward to help turn this economy around.

Despite the resistant Bush administration, at least we were able to include important Neighborhood Stabilization Funding—over $8.25 million for my own city last year—in the Housing and Economic Recovery Act. Again, thanks to the consistent and effective work of Congresswoman MAXINE WATERS.

Today, finally a new day has dawned and we have hope because the majority in Congress and President Obama understand that we can and we must use every available tool to address this crisis head on.

The Congressional Black Caucus fought hard, fought hard, led by Congresswoman MAXINE WATERS, to ensure that an additional $2 billion in Neighborhood Stabilization Funding in the American Recovery and Reinvestment Act was included. Not enough, but it's a start.

I'm pleased that Secretary Geithner and the President have announced a $75 billion plan to keep families in their homes and to keep home ownership affordable.

Even with all of our efforts, we all know the enormity and the gravity of this situation, and this requires much more. We have the obligation of making the dream of home ownership accessible to all Americans and to help them achieve those dreams by limiting these unscrupulous lenders—and I mean they are unscrupulous; these unscrupulous brokers—and they are unscrupulous; and these real estate agents, who really seek to profit at the expense of the people that they purport to serve.

We are not casting a net on all of these individuals and institutions, but I think the data shows us that there's been a lot of bad faith, there's been a lot of activity in the financial services and in the real estate industry that really caused us to question a lot of the practices of some of these individuals. I think that there must be more accountability and more oversight and some need to be called on the carpet as a result.

Finally, let me just say that I have to congratulate our Speaker for helping to take strong steps. Chairman FRANK, Congresswoman MAXINE WATERS. These individuals work day and night to help us figure out ways to help families in distress, and our bills to improve FHA to create grants to provide home buyers with the incentives to strengthen the oversight of this mortgage industry, which has gone wild, if you ask me.

This movement and some of these initiatives I think will help begin to mitigate some of the damage of this housing crisis. But without the safety net of the courts, the average homeowner will still too often be left to the rise and fall of the markets and the whims of the mortgage marketers. So bankruptcy reform must be enacted.

So, thank you, again, Congresswoman FUDGE, for organizing this Special Order. Thank you for allowing us to raise the alarm once again and to sound the alarm so that the country understands that we are on the case day and night, and this is quite a moment and it's quite a mess that we are faced with as a result of the last 8 years. But I am confident that with President Obama, Speaker PELOSI and our leadership, that we are going to dig ourselves out of this hole.

Thank you, and I yield back.

Ms. FUDGE. Thank you. Mr. Speaker, I would like to thank our Chair, the gentlewoman from California (Ms. LEE), for her leadership, for her ability to keep the issues that are really pertinent and pressing on the CBC agenda. Madam Chair, I thank you.

I would now like to yield to the gentlewoman from New York, Ms. YVETTE CLARKE.

Ms. CLARKE. Mr. Speaker, I first want to thank the gentlewoman from Ohio for her leadership in organizing this Congressional Black Caucus Special Order this evening. I'd also like to thank Representative FUDGE for yielding so that I may discuss how foreclosures are adversely affecting so many African American communities—communities in my district and throughout the country. I also want to commend her for her leadership role in organizing us around the issues that have been of such concern and are so critical to the strength and the underpinning of the communities that the members of the Congressional Black Caucus represent.

Let me start by joining my chairwoman, Congresswoman BARBARA LEE of California, in calling for the moratorium on mortgage foreclosures. Tonight, I rise as a member of the 11th Congressional District to state how foreclosures have devastated the lives of two individuals that I represent.

First, there's Mr. Simeon Ferguson. Mr. Ferguson is an 86-year-old retiree from Crown Heights, Brooklyn. He worked for more than 20 years as a chef at the Long Island College Hospital.

In 1975, he bought a three-story brownstone in my district. This benevolent man would grow tomatoes and callaloo leaves—those of you from the Caribbean know what callaloo is—it's sort of a spinach—in his garden and, according to his daughter, would love to give the excess to his neighbors and friends at no cost, as he would cook the rest of it.

But around 3 years ago, a mortgage broker sold Mr. Ferguson, at the age of 83, a new $450,000 option adjustable rate mortgage that would almost certainly put his home into foreclosure.

□ 2000

Mr. Ferguson had no attorney present at the time during the closing and believed he had made a good deal.

To make matters worse, Mr. Ferguson had dementia, a condition he was diagnosed with in 2005, and had only his Social Security and a pension as sources of income. So this gentleman of Jamaican descent could easily forget to make a mortgage payment that could balloon to such a frightening amount that it would be insurmountable to pay back. Mr. Ferguson is a victim of predatory lending, and now he may lose his home.

Low income, elderly people are experiencing widespread theft of their equity. Elderly people are simply more susceptible to abusive predatory lending practices. Home equity scams are appealing to financial predators because the money is substantially easy to find, and the elderly can be induced into losing the equity in their homes and, even worse, becoming homeless through predatory lending, foreclosure rescue scams, and estate planning. The mortgage foreclosure crisis has had a profoundly injurious impact on our seniors.

Now, as this is the month of March and it is Women's History Month, I thought it would be good to share some of the impact of this crisis on the women of our Nation.

By 2010, women will head almost 28 percent of all households in this Nation. Of families living in poverty in 2001, 50.9 percent were women-headed households with no spouse present. But, in fact, the tremendous growth in the number of women filing for bankruptcy shows that economic instability for women reaches also into the middle class. Unmarried women accounted for 30 percent of the growth in homeowners from 1994 to 2002. Women account for a larger share of the subprime loans than of prime loans. Women are particularly vulnerable to predatory lenders. Women are particularly vulnerable to financial hardship. Older women are at greatest risk. Older women may be open to promises of ready cash if they live on modest fixed incomes that do not cover property tax increases, necessary home repairs, and unanticipated medical expenses. Women are especially susceptible to financial hardship.

I want to share with you now one of the stories of another one of my constituents. Her name is Ms. Waver Brickhouse. At age 69, Ms. Brickhouse is a gray-haired, soft-spoken woman from the Brownsville section of my district. She is a victim of mortgage fraud, and now may have her home put into foreclosure, too. She turned to what she believed to be a home rescue firm, who then secretly sold her home and added at least $150,000 of fraudulent mortgage debt. This retired City Parks Department worker said in a recent New York Times article, and I quote, ''I am going to drown in debt. I feel like it is just a matter of time until I am out on the street with my children.''

However, these stories are not irregular in my district. African American seniors in New York and all across this Nation are at risk of losing homes they worked so hard for decades to some day acquire full equity of their property, but at this moment some are facing homelessness.

Mr. Speaker, just listen to the alarming numbers. According to the Federal Reserve Bank of New York, by the fall of 2007, one in four homeowners with subprime mortgages lived in neighborhoods in my district such as Crown Heights and Bedford-Stuyvesant, and these mortgages were in foreclosure. In 2008, Federal data reported that there are 5,861 foreclosures in Brooklyn alone. And the Center for Responsible Lending projected that, in 2009, there will be 435 foreclosures in my district, and within the next 4 years that number will rise to 1,448.

Communities such as the one I just mentioned as well as others throughout the Nation collectively lost as much as $92 billion in wealth over the last 8 years resulting from predatory lending practices within the subprime mortgage crisis.

For these reasons, Mr. Speaker, I intend to introduce legislation. My bill is entitled the Foreclosure Prevention Act of 2009. This bill will provide funding to the National NeighborWorks Association for mortgage foreclosure mitigation activities. NeighborWorks has been instrumental in partnering with the State of New York Mortgage Agency to not only promote home ownership in underserved communities such as Bedford-Stuyvesant, Brownsville, and Flatbush, but they also provide foreclosure counseling that could some day help predatory victims like Mr. Ferguson and Ms. Brickhouse.

In addition, I recently voted for H.R. 1106, Helping Families Save Their Homes Act of 2009, which allows for mortgage modifications through the bankruptcy court, and I also support applying the FDIC model. The Federal Deposit Income Insurance Corporation has pioneered a promising approach that, even with some limitations, would strengthen incentives to prevent foreclosures and greatly boost the number of successful loan modifications.

I commend President Obama and his administration for their ongoing efforts to mitigate the damage and assist our families in staying in their homes. But we must also look at ways to advocate for legal reform that would ultimately prevent the elderly from losing their homes. So I urge my colleagues tonight to work together with the CBC to take the lead in addressing the foreclosure crisis and, more important, mitigate the racial disparities of predatory lending and its impact on African American seniors. I want to thank you again, my colleague and the leader of this special order, Congresswoman FUDGE from the 11th Congressional District of Ohio, for being a beacon of light this evening to those in our communities who are really struggling to keep their heads above water and, most important, their dignity.

Ms. FUDGE. Mr. Speaker, I would certainly like to thank my friend and the outspoken representative from the 11th District of New York. She stands for her people, and I am so appreciative of her participation this evening.

Mr. Speaker, I would now like to yield to one who has been so helpful during the CBC hour, who has provided me guidance and support, and I call my co-anchor. And that would be the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN).

Mrs. CHRISTENSEN. Thank you, Congresswoman FUDGE, for organizing yet another time for us to speak to our colleagues and to the American people on an issue of great importance to them and to all of us. And I want to also thank Chairwoman LEE for her leadership, and our colleagues for joining us this evening, and for their leadership for introducing measures like the Foreclosure Prevention Act of 2009, to be introduced by Congresswoman CLARKE who just spoke.

Mr. Speaker, members of the Congressional Black Caucus are pleased that we are finally beginning to see what may be a glimmer of hope that we will be able to help our country and those most affected climb out of the worst fiscal crisis since the Great Depression, a crisis caused by greed, and where the most vulnerable people are the ones suffering the consequences as we have heard this evening.

If one wants to truly fix a problem, one must fix it at its root causes, and the root cause of this current crisis is the housing bubble and the subprime mortgages and the way those were pooled together and then securitized. The initial remedies shored up the government-sponsored enterprises like Freddie Mac and Fannie Mae and the banks, but the homeowners were for far too long left holding the bag, an empty bag at that, and, unfortunately, misplaced blame.

At the heart of the American Dream has always been the dream of owning one's home. Unfortunately, too many Americans have seen this dream seriously distorted and deferred by the unhealthy antiregulation environment that gave lenders free rein to push products to unsuspecting customers who simply wanted a chance at that dream. There were 2.3 million foreclosure filings last year.

While some have blamed homeowners for biting off more than they could chew, the truth is that average Americans approach their bankers like they do their doctors, in an atmosphere of trust and vulnerability, and most never imagined that they would be approved if their lender didn't think they could keep up with their payments. But this is not the time for blame, it is the time for action. And I also rise to applaud President Obama, the Democratic-led Congress, Chairman BARNEY FRANK, Congresswoman MAXINE WATERS, and others, who have come together to formulate an aggressive campaign to turn around this crisis which has threatened homeowners across this country.

President Barack Obama's comprehensive Homeowner Affordability and Stability plan will help stem foreclosures, keep families in their homes, and stop the plunge in home values for all homeowners. The President and this Congress have moved aggressively to help those in bankruptcy get a loan modification agreement, to help those who are underwater and in need of refinancing get a chance at a new start, and those who are in danger of foreclosure to avoid it altogether by being able to work it out with their banks and lending institutions.

By passing the Helping Families Save Their Home Act, the House has moved towards bringing fairness to families by giving them the same rights to keep their home as someone who owns two or three homes. Without spending one Federal dollar, it gives bankruptcy judges the chance to modify existing mortgages for families who file Chapter 13 so that they can make payments and stay in their homes. It also gives lenders more confidence to modify loans by protecting them from some lawsuits, and strengthens the FHA's Hope for Homeowners program by reducing fees and offering incentives for lenders.

Earlier, the Obama administration revealed the details of other parts of their recovery plan for homeowners aimed at helping those with existing Fannie Mae or Freddie Mac mortgages to refinance, and those who are not yet in foreclosure but are struggling to stay away from it to get a modification from their lending institution.

While the Obama administration has made it clear that not everyone will qualify for help, it is still true that millions can keep their homes under this initiative, saving families, neighborhoods, communities, and, indeed, our economy, from further decline.

There are many people in organizations in addition to the leaders I named earlier who played a role in getting us to this point, and I would be remiss if I did not mention the NAACP's efforts to demonstrate that minority communities were being unfairly targeted with these toxic mortgages. Many have been devastated. The NAACP has filed suit against at least one bank for targeting communities of color for subprime mortgages, and we congratulate them and stand with them on this effort. The Congressional Black Caucus and the Progressive Caucus also played important roles in ensuring that the focus was expanded to include the homeowner, not just the financial institutions, and that meaningful remedies were put in place for them.

These are all meaningful steps to address the mortgage mess that has been the catalyst to a severe domestic economic downturn that has resonated globally. Our President's plan and the laws that we have passed will not only help everyone who is in or threatened with foreclosure, but we hope that many millions of homeowners who are in trouble will be able to keep their homes.

We are concerned, though, that some of the financial institutions have been turning down Federal help, ostensibly because they don't like the strings that are attached, the oversight, and the requirement for transparency. Accountability and transparency is exactly what would have kept us out of this mess and what is needed going forward, whether they take the money or not.

The White House, HUD, Treasury, and Congress must use any authority that we have to ensure that the financial institutions who themselves have been the recipients of bailouts by the billions, and even those who are refusing, to ensure that they will fully participate in the homeowner rescue initiatives and extend the lifeline that many homeowners need and are praying for.

Fixing the root cause of the problem and making American homeowners whole again, restoring the American Dream, is what will begin to restore confidence in our government's ability to put us on a stable economic course, and what will finally begin to put our country on the road to financial recovery.

I thank you again for hosting this special hour. It has been my pleasure to work with you on this, and I look forward to doing some more of this in the future.

Ms. FUDGE. Thank you so very much. I would very much like to thank my colleague for all of her help and support during the CBC hour, and look forward to working with her as well.

Mr. Speaker, at this time I would like to yield to the gentlewoman from the State of Texas, Ms. SHEILA JACKSON LEE, who has been a strong voice in our Congress for years for the people who are most in need.

□ 2015

Ms. JACKSON-LEE of Texas. Allow me to thank the gentlelady from Ohio for really taking up the very important mantle of leadership in communicating to our colleagues why we really need to be in a team effort. I was with Senator Rodney Ellis, a State senator in my State, just yesterday. We have to use time when we can, and that was Sunday. We were standing up, along with certainly many members of the State legislature and many Members here in the House, on the great need for receiving stimulus dollars and unemployment dollars in the State of Texas. $555 million is presently being rejected by this Governor of our State.

And the quote that comes to mind from that State senator was that when people are hurting or unemployed or in foreclosure, they don't see Democrats or Republicans. They just see pain. And that is why I think it is important that we convey to our colleagues that their constituents don't see a Democratic or Republican Congressperson. They just see a major dilemma from which they are wondering how they can get out.

So this evening, I would like to emphasize something that seems to have been lost, and that is that this ongoing foreclosure crisis was percolating way before the inauguration of our present President. And in fact, I'm reading from a document that was dated 2006, and it says ''foreclosures up 72 percent from last year.'' That would have been 2005. That was the last administration. The previous administration was a Republican administration. But I imagine that this number, 72 percent, was not coded according to Democrat or Republican homeowners. But it did say that it was up 72 percent. And it goes on to say that ''national foreclosure filings continued to climb in the first 3 months of 2006, evidence that more U.S. homeowners are struggling to stay current on their monthly mortgage payments.''

Why, then, wasn't it addressed by the administration during that time? That is 2006, ''a total of 323,102 properties nationwide entered some stage of foreclosure in the first quarter of 2006.'' Again, it mentions ''a 72 percent year-over-year increase from the first quarter of 2005 and a 38 percent increase from the previous quarter.'' It specifically talks about the fact that Texas, Florida and California report the most foreclosures. Now we are a prosperous State, or at least we are defined as such. It must be because we have government officials suggesting that we don't need unemployment dollars. Texas reported the most first-quarter foreclosures of any State with 40,236, and Florida reported the second most with 29,636, and California was a close third with 29,537 properties entering some stage of foreclosure in the first quarter, again, this is 2006. And let me just say I do know this is 2009.

I think it is important to note that we did not create this crisis. The election of 2008 didn't all of a sudden make it where people are foreclosing. This has been happening. And what we are trying to do is to emphasize that we have to act now. That is why the President is so interested, the administration is so interested in making sure that there is a moratorium, that there is $75 billion that is being set aside, something that we debated when we were working with the previous administration that you can't give then-Secretary of the Treasury a carte blanche utilization of then the $350 billion. So many of us argued vehemently about that.

Let me say to my good friend from Ohio that these numbers are not ignoring the fact of how difficult it has been in the Midwest and in Ohio in particular. Again, this was emphasizing the high numbers of big States. But certainly it has Ohio. And it mentions, of course, that you, too, were in the midst of huge foreclosures. In 2006 it looks like you were in the 8,000, 9,000. You kept going up. In February you had 9,000. So you were going up, and the other States were going up as well, which means that this is not an issue for small States, big States, or middle States.

So I come to the floor really to suggest that we are in a crisis that has to be acted upon. That is why so many of us rallied around the Helping Homes legislation that is not a giveaway. It is not a refuge for deadbeats and people who can't handle their finances. It is really, as I indicate on the floor of the House, the bankruptcy provision is the little guy's helping hand, because we bailed out every large entity that we could possibly bail out. Just give the roll call of the big banks, the big investment houses, the big AIGs. We have bailed them out.

When I got on the floor to debate this bankruptcy provision, which we have been trying for a number of years, it would have been helpful if the previous administration had allowed this to go forward in 2006 with these high numbers. And then we could have had individual, responsible families who simply wanted to get time, that is what the bankruptcy does. Nobody goes to the bankruptcy court and says ''take my house.'' We are trying to keep them from going through that humiliating experience of seeing your house auctioned off. And all of us have seen the video on television where we see families sit there with tears in their eyes. Yes, some people benefit by maybe being able to buy a house. But mostly the people with tears in their eyes, some hoping they could buy it back, others watching their house peter away in an auction process. The Helping Homes that I know my colleague voted on and understood how important it was as a lawyer and former mayor and understands about the tax base that just deteriorates when we lose our home, this just allows the homeowner to go into the courthouse with a trained bankruptcy judge who is not prone to go lightly on people who are frivolously coming in masquerading themselves, never paid a bill in their life, but it allows them, just like you've allowed the big corporations that have gone into bankruptcy to be able to reorder.

And so, it is truly important to ensure, to help the little person, that this bankruptcy bill that has been passed by the House and the Senate, as I understand it, it may be that we move this bill along that will allow the cramdown that everybody talked about, you're going to disadvantage the lender. No, you're not. Because there are now different provisions that puts in that any value that comes through the sale of that house goes back to the lender, there are protections about the cramdown, there are notices that have to be given so that maybe you can modify the loan without going into bankruptcy. And if any lender is smart, they will do that. But at the bottom line, this bankruptcy provision helps hardworking Americans wherever they live to save their house with dignity. Mr. and Mrs. Jackson-Lee, Mr. and Mrs. Lee, Mr. and Mrs. Fudge, Mr. and Mrs. Jones, Mr. and Mrs. Smith, Mr. and Mrs. Gonzalez can go in and fix that problem through the courts and save the house for them and their four children or two children. In USA Today, there was an article that you, as a former mayor, would understand, the dumbing down of the amount of money that is going to school districts because we were reaching a crisis of how many homes were being foreclosed and seeing the tax base just dwindle away, in fact, I would say, go rapidly down a fast moving tube.

So it is a ripple effect of not only destroying neighborhoods, which is why these neighborhood stabilization moneys in the stimulus package are crucial, but also destroying obviously paramount families, lives, and then the ability to pay for the education of your children, and then, of course, the ultimate dump of a whole town, whole city, a whole hamlet, village, being just blocks and blocks of foreclosed homes.

So I think it is important that we begin to stand on the floor of the House to support America's families. And I can't help but as I speak with you this evening and to my colleagues, I just have to hold this up because it certainly shows the strength of our President, it says, this is a headline, Obama berates AIG and vows to try and block bonuses. Well, we know there are some legal issues that have been represented to us that provides a problem, but I will just simply say that having practiced in the courts, it is a shame that we couldn't just say, ''sue me,'' which would have just had those individuals who thought that they were owed the bonus to be able to go into the courthouse and try to get the money.

I think I would like to commend our Speaker who has indicated that these moneys should then be paid back now by AIG. If you figured that you couldn't have any other out, you couldn't stand the impact of a lawsuit for people who were getting these huge bonuses, $160 billion plus, then why don't you go ahead and put on the requirement that they should pay the taxpayers back. But I use this as an example that we have to be able to help these hardworking taxpayers who themselves have suffered because we have not been able to provide the relief.

I just want to add that new home sales have fallen by about 50 percent. One in six homeowners owes more on a mortgage than the home is worth which raises the possibility of default. Home values have fallen nationwide from an average of 19 percent from their peak in 2006, and this price plunge has wiped out trillions of dollars in home equity. That is the sadness of it. Many people were going to use this for retirement, had the ability to pass on a debt-free house to their children. This was the bottom line or the first line of wealth for many Americans. We were told to buy that wonderful nest egg, buy that home that will be a nest egg. The tide of foreclosure might become self-perpetuating. The Nation could be facing a housing depression something worse than the recession.

Of course, we know about the TARP bill that has helped us to move forward. But then again, we realize that there have been, certainly in the first issuance of the dollars, these major problems. And so that is why we have turned our attention, and I want to congratulate Chairman CONYERS, who had been on this issue, in the previous administration we had attempted to get the language put in the TARP.

And many times, Congresswoman FUDGE, the Congress doesn't get the recognition. And certainly none of us are saying me, me, me or I, I, I. And we also know that we are in a business that we are responsible enough to take criticism. But they need to know that we were fighting the Judiciary Committee to get the bankruptcy language into the TARP legislation a way long time ago, recognizing the importance. But it would not, could not be moved forward because of opposition from the then-White House.

And so it is important to note tonight that I am very glad that you had this particular Special Order so that we could provide the basis of the work that we have done and also ask our colleagues to encourage all of their constituents to seek foreclosure modification in their loan, to not sit by silently, that the banks are now under a burden to not foreclose but to be able to talk to you about loan modification. Everyone should seek loan modification now. Do not suffer in silence, because we realize that it is not only a predatory lending issue which has occurred, but there are people who have regular loans that may be finding themselves in difficulty and have the right for loan modification.

We do want to say that we want to get out of this issue that whenever we see certain economic or certain neighborhoods that that particular lendee is a prime target for subprime mortgages. Now some people have indicated to me that subprime mortgages have been used sometimes favorably to allow someone with some challenges. But certainly subprime should not equate to predatory. And there has been predatory lending going on. And so these subprimes have equated to that. And I want the bankers to be able to be more creative than to see certain neighborhoods, certain, if you will, ethnicities or racial groups, and the only thing you can give them is a subprime when their particular portfolio suggests that they are equal or able to take on any regular loan. And what happened is they put more people in subprime based on ethnicity and race.

□ 2030

So I wanted to add as I draw to a close, and I welcome your participating in this legislation that I intend to drop, and that is to ensure that individuals who are in mortgage foreclosure because of subprime and predatory lending will not have that foreclosure on their credit score. You know what happens with credit scoring. When you go into a bank and they pull that score up, hardworking families suffer because of the credit score. Probably they were thrown into the subprime and predatory markets because of that.

So the language says in particular that a foreclosure on a subprime mortgage of a consumer may not be taken into account by any person in preparing or calculating the credit score as defined in subsection F(2) for or with respect to the consumer.

Subprime defined. The term ''subprime mortgage'' means any consumer credit transaction secured by the principal dwelling of this consumer that bears or otherwise meets the terms and characteristics of such a transaction that the board has defined as subprime mortgage.

So if you have been a victim of predatory lending, we will add that. And you have made every effort through loan modification or you have been caught up in this whirl of confusion, then we don't want to impact your credit score even more, make it worse, if you will, by adding this foreclosure to you; and, therefore, making it even more impossible for you to then move into a home or buy another home or to transition to get your life in order.

I want our colleagues to realize that this is going to be an ongoing concern. And the fact that it is an ongoing concern means we have to work with our local communities. That is why I have supported the TARP funding to be as responsive to community, regional and private banks as they are to the big banks. I think it is important that we invest in the smaller banks by making sure that they get TARP funds. And I think it is enormously important for the President's mission that says that we should in fact for every dollar lent to these banks, they must lend it out, and we must lend it not only to those who are attempting to modify their loans, but to the new generation of homeowners. Let us not kill off the incentive for others to buy homes, co-ops, condominiums, brownstones, the two stories, the split levels, if you will, two families in one home scenario, we should not take away the American dream of a house.

I believe that if we can watch AIG with some sort of cavalier attitude, giving $160 million in bonuses and not wanting to issue a report on where the moneys went, we can certainly be helpful to those who are struggling.

I would like to engage the gentlelady in a conversation, particularly as she comes from Ohio, and just get a sense of the impact that comes about when homes are foreclosed. With your experience as a former mayor and how important those local resources are, what happens to a community when there are massive foreclosures and that income doesn't come in any more?

Ms. FUDGE. There are a couple of things that I would like to address. Many people know that Cleveland, which is a major part of my district, has been one of the poorer cities in America for the last 3 years. So when we are talking about more than 10,000 vacancies in a city, which is the case in the city of Cleveland, not only does it destroy neighborhoods, but there are less resources to go to the school or to go to the city for city services, and all of the things that go along with tax dollars. As well, it deflates and devalues all of the property around it.

And it clogs the courts. The foreclosure process is a timing issue because of all the notice requirements. It is a domino effect. It hurts everything that you can think of that has to do with housing. But most importantly, it puts people on the street. We have thousands and thousands of people waiting to get into public housing. We have people who have moved in with other family members. Where do these people go? No one addresses the issue where do these people go. Everyone doesn't have a family that they can move in with. Everyone cannot get a voucher or stay with a friend. Where do these people go?

And then what is compounding the problem is we are now having landlords who have renters in their homes, and haven't told the renters they are in foreclosure. One day the renters wake up and they have a notice on their door saying that they have to move in three days. Or the sheriff saying you must move from these premises. So it becomes a very difficult experience to watch someone lose their home.

I am hopeful that some of the things that we have done in this Congress will stop the bleeding. We may not cure the problem over the short run, but I am very confident that we will over the long run. I certainly hope that some of these things are given a chance. We have given 8 years of opportunity to make things work and they haven't. Give us the same opportunity. I do believe our President is doing the right thing. It is just going to take some time.

Ms. JACKSON-LEE of Texas. I think it is important for people to hear stories from all over the country. I think one of the salient points that you have made is how it puts people on the street and how it clogs the courts. Different from the bankruptcy proceedings which allows people to stay in their homes, the foreclosure proceeding is so long and protracted, most people will be abandoning doing their home before it concludes.

I thank the gentlelady from Ohio for being able to both express some of the outrage and pain. And this was not created under this administration. We are trying to be the problem solvers, and it would have just been great if we had looked at this issue from the administration's perspective in 2006 and before. We might then have been able to put our finger in the dike and help those who were on the verge of going over the cliff.

But now we are holding an enormous burden, and I guess the parting words are let's look at the people who are rolling up their sleeves. The media pundits who can criticize rain, if you will. If it is raining, they can criticize that. But people who are trying to build banks backs and make them responsive to our neighborhoods and school districts, let's look at the Federal legislation trying to help people modify their loans and keep them off the streets and save families and school districts. Why don't we listen to that explanation, which I am sure will give us a better understanding than national pundits who make their money off of worrying about whether it is raining and therefore if it is, that gives them a mouthful to criticize. I would rather stand with those who are trying to stand with the American people, and I believe that is what your Special Order has been about tonight. I thank you for giving me this opportunity.

Mr. Speaker, home foreclosures are at an all-time high and they will increase as the recession continues. In 2006, there were 1.2 million foreclosures in the United States, representing an increase of 42 percent over the prior year. During 2007 through 2008, mortgage foreclosures were estimated to result in a whopping $400 billion worth of defaults and $100 billion in losses to investors in mortgage securities. This means that one per 62 American households is currently approaching levels not seen since the Depression.

The current economic crisis and the foreclosure blight has affected new home sales and depressed home value generally.

New home sales have fallen by about 50 percent. One in six homeowners owes more on a mortgage than the home is worth which raises the possibility of default. Home values have fallen nationwide from an average of 19 percent from their peak in 2006, and this price plunge has wiped out trillions of dollars in home equity. The tide of foreclosure might become self-perpetuating. The nation could be facing a housing depression—something far worse than a recession.

Obviously, there are substantial societal and economic costs of home foreclosures that adversely impact American families, their neighborhoods, communities and municipalities. A single foreclosure could impose direct costs on local government agencies totaling more than $34,000.

I am glad that recently we have seen legislation on the floor the United States House of Representatives. I have long championed in the first TARP bill that was introduced and signed late last Congress, that language be included to specifically address the issue of mortgage foreclosures. I had asked that $100 billion be set aside to address that issue. Now, my idea has been vindicated as the TARP today has included language and we here today are continuing to engage in the dialogue to provide monies to those in mortgage foreclosure. I have also asked for modification of homeowners' existing loans to avoid mortgage foreclosure. I believe that the rules governing these loans should be relaxed. These are indeed tough economic times that require tough measures.

Because of the pervasive home foreclosures, federal legislation is necessary to curb the fall out from the subprime mortgage crisis. For consumers facing a foreclosure sale who want to retain their homes, Chapter 13 of the Bankruptcy Code provides some modicum of protection. The Supreme Court has held that the exception to a Chapter 13's ability to modify the rights of creditors applies even if the mortgage is under-secured. Thus, if a Chapter 13 debtor owes $300,000 on a mortgage for a home that is worth less than $200,000, he or she must repay the entire amount in order to keep his or her home, even though the maximum that the mortgage would receive upon foreclosure is the home's value, i.e., $200,000, less the costs of foreclosure.

I have long championed the rights of homeowners, especially those facing mortgage foreclosure. I have worked with the Chairman of the House Judiciary Committee to include language that would relax the bankruptcy provisions to allow those facing mortgage foreclosure to restructure their debt to avoid foreclosure.

Because I have long championed the rights of homeowners facing mortgage foreclose in the recent TARP bill and before the Judiciary Committee, I have worked with Chairman CONYERS and his staff to add language in the Helping Americans Save Their Homes bill that would help Americans stay in their homes that would make the bill stronger and that would help more Americans.

Specifically, I worked with Chairman CONYERS to ensure that section 109(h) of the Bankruptcy Code would be amended to waive the mandatory requirement, under current law, that a debtor receive credit counseling prior to filing for bankruptcy relief. Under the amended language there is now a waiver that will apply where the debtor submits to the court a certification that the debtor has received notice that the holder of a claim secured by the debtor's principal residence may commence a foreclosure proceeding against such residence.

This is important because it affords the debtor the maximum relief without having to undergo a slow credit counseling process. This will help prevent the debtors credit situation from worsening, potentially spiraling out of control, and result in the eventual loss of his or her home.

The recent bill before Congress, Helping Homeowners Save Their Home Act, relaxes certain Bankruptcy requirements under Chapter 13 so that the debtor can modify the terms of the mortgage secured by his or her primary residence. This is an idea that I have long championed in the TARP legislation—the ability of debtors to modify their existing primary mortgages. The bill allows for a modification of the mortgage for a period of up to 40 years. Such modification cannot occur if the debtor fails to certify that it contacted the creditor before filing for bankruptcy. In this way, the language in the bill allows for the creditor to demonstrate that it undertook its "last clear" chance to work out the restructuring of the debt with its creditor before filing bankruptcy.

Importantly, the Act amends the bankruptcy code to provide that a debtor, the debtor's property, and property of the bankruptcy estate are not liable for fees and costs incurred while the Chapter 13 case is pending and that arises from a claim for debt secured by the debtor's principal residence.

Lastly, I worked to get language in the Helping Home Owners Save Their Homes Act that would allow the debtors and creditors to negotiate before a declaration of bankruptcy is made. I made sure that the bill addressed present situations at the time of enactment where homeowners are in the process of mortgage foreclosure. This was done with a view toward consistency predictability and a hope that things will improve.

RULES COMMITTEE

Over the past two years, debtors and average homeowners found themselves in the midst of a home mortgage foreclosure crisis of unprecedented levels. Many of the mortgage foreclosures were the result of subprime lending practices.

I have worked with my colleagues to strengthen the housing market and the economy, expand affordable mortgage loan opportunities for families at risk of foreclosure, and strengthen consumer protections against risky loans in the future. Unfortunately, problems in the subprime mortgage markets have helped push the housing market into its worst slump in 16 years.

Before the Rules Committee, I offered an amendment to the Helping Americans Save Their Homes Act that would prevent homeowners and debtors, who were facing mortgage foreclosure as a result of the unscrupulous and unchecked lending of predatory lenders and financial institutions, from having their mortgage foreclosure count against them in the determination of their credit score. It is an equitable result given that the debtors ultimately faced mortgage foreclosure because of the bad practices of the lender.

Simply put, my amendment would prevent homeowners who have declared mortgage foreclosure as a result of subprime mortgage lending and mortgages from having the foreclosure count against the debtor/homeowner in the determination of the debtor/homeowner's credit score.

Specifically, my amendment language was the following:

SEC. 205. FORBEARANCE IN CREATION OF CREDIT SCORE.

(a) IN GENERAL—Section 609 of the Fair Credit Reporting Act (15 U.S.C. 1681g) is amended by adding at the end the following new subsection:

'(h) FORECLOSURE ON SUBPRIME NOT TAKEN INTO ACCOUNT FOR CREDIT SCORES—

'(1) IN GENERAL—A foreclosure on a subprime mortgage of a consumer may not be taken into account by any person in preparing or calculating the credit score (as defined in subsection (f(2)) for, or with respect to, the consumer.

'(2) SUBPRIME DEFINED—The term 'subprime mortgage' means any consumer credit transaction secured by the principal dwelling of the consumer that bears or otherwise meets the terms and characteristics for such a transaction that the Board has defined as a subprime mortgage.'.

(b) REGULATIONS—The Board shall prescribe regulations defining a subprime mortgage for purposes of the amendment made by subsection (a) before the end of the 90-day period beginning on the date of the enactment of this Act.

(c) EFFECTIVE DATE—The amendment made by subsection (a) shall take effect at the end of the 30-day period beginning on the date of the enactment of this Act and shall apply without regard to the date of the foreclosure.

The homeowners should not be required to pay for the bad acts of the lenders. It would take years for a homeowner to recover from a mortgage foreclosure. My amendment would have strengthened this already much needed and well thought out bill.

I intend to offer a bill later this Congress to address this issue. I am delighted however that the Judiciary Committee has expressed their willingness to incorporate my language in the Conference language for this bill. Without a doubt, this issue is important to me and it is critical to Americans who are facing mortgage foreclosure and bankruptcy.

The HOPE for Homeowners (H4H) program was created by Congress to help those at risk of default and foreclosure refinance into more affordable, sustainable loans. H4H is an additional mortgage option designed to keep borrowers in their homes.

The program is effective from October 1, 2008 to September 30, 2011.

HOW THE PROGRAM WORKS

There are four ways that a distressed homeowner could pursue participation in the HOPE for Homeowners program:

1. Homeowners may contact their existing lender and/or a new lender to discuss how to qualify and their eligibility for this program.

2. Servicers working with troubled homeowners may determine that the best solution for avoiding foreclosure is to refinance the homeowner into a HOPE for Homeowners loan.

3. Originating lenders who are looking for ways to refinance potential customers out from under their high-cost loans and/or who are willing to work with servicers to assist distressed homeowners.

4. Counselors who are working with troubled homeowners and their lenders to reach a mutually agreeable solution for avoiding foreclosure.

It is envisioned that the primary way homeowners will initially participate in this program is through the servicing lender on their existing mortgage. Servicers that do not have an underwriting component to their mortgage operations will partner with an FHA-approved lender that does.

Because I am committed to helping Americans obtain homes and remain in their homes, I support the HOPE for Homeowners Program. Indeed, I feel personally vindicated that Congress has set aside $100 billion to address the issue of mortgage foreclosure, an issue that I have long championed in the 110th Congress.

HOUSING, FORECLOSURES, & TEXAS

Texas ranks 17th in foreclosures. Texas would have faired far worse but for the fact that homeowners enjoy strong constitutional protections under the state's home-equity lending law. These consumer protections include a 3 percent cap on lender's fees, 80 percent loan-to-value ratio (compared to many other states that allow borrowers to obtain 125 percent of their home's value), and mandatory judicial sign-off on any foreclosure proceeding involving a defaulted home-equity loan.

Still, in the last month, in Texas alone there have been 30,720 foreclosures and sadly 15,839 bankruptcies. Much of this has to do with a lack of understanding about finance—especially personal finance.

Last year, American's Personal income decreased $20.7 billion, or 0.2 percent, and disposable personal income (DPI) decreased $11.8 billion, or 0.1 percent, in November, according to the Bureau of Economic Analysis. Personal consumption expenditures (PCE) decreased $56.1 billion, or 0.6 percent. In India, household savings are about 23 percent of their GDP.

Even though the rate of increase has showed some slowing, uncertainties remain. Foreclosures and bankruptcies are high and could still beat last year's numbers.

Home foreclosures are at an all-time high and they will increase as the recession continues. In 2006, there were 1.2 million foreclosures in the United States, representing an increase of 42 percent over the prior year. During 2007 through 2008, mortgage foreclosures were estimated to result in a whopping $400 billion worth of defaults and $100 billion in losses to investors in mortgage securities. This means that one per 62 American households is currently approaching levels not seen since the Depression.

The current economic crisis and the foreclosure blight has affected new home sales and depressed home value generally. New home sales have fallen by about 50 percent.

One in six homeowners owes more on a mortgage than the home is worth raising the possibility of default. Home values have fallen nationwide from an average of 19% from their peak in 2006 and this price plunge has wiped out trillions of dollars in home equity. The tide of foreclosure might become self-perpetuating. The nation could be facing a housing depression—something far worse than a recession.

Obviously, there are substantial societal and economic costs of home foreclosures that adversely impact American families, their neighborhoods, communities and municipalities. A single foreclosure could impose direct costs on local government agencies totaling more than $34,000.

Recently, the Congress set aside $100 billion to address the issue of mortgage foreclosure prevention. I have long championed that money be a set aside to address this very important issue. I believe in homeownership and will do all within my power to ensure that Americans remain in their houses.

BANKRUPTCY

We have come full circle in our discussion today. The bill before us today is on bankruptcy and mortgage foreclosures.

I have long championed in the first TARP bill that was introduced and signed late last Congress, that language be included to specifically address the issue of mortgage foreclosures. I had asked that $100 billion be set aside to address that issue. Now, my idea has been vindicated as the TARP that was voted upon this week has included language that would give $100 billion to address the issue of mortgage foreclosure. I am continuing to engage in the dialogue with Leadership to provide monies to those in mortgage foreclosure. I have also asked for modification of homeowners' existing loans to avoid mortgage foreclosure. I believe that the rules governing these loans should be relaxed. These are indeed tough economic times that require tough measures. Again, I feel a sense of vindication on this point, because this bill, H.R. 1106 addresses this point

CREDIT CRUNCH

A record amount of commercial real estate loans coming due in Texas and nationwide the next three years are at risk of not being renewed or refinanced, which could have dire consequences, industry leaders warn. Texas has approximately $27 billion in commercial loans coming up for refinancing through 2011, ranking among the top five states, based on data provided by research firms Foresight Analytics LLC and Trepp LLC. Nationally, Foresight Analytics estimates that $530 billion of commercial debt will mature through 2011. Dallas-Fort Worth has nearly $9 billion in commercial debt maturing in that time frame.

Most of Texas' $27 billion in loans maturing through 2011—$18 billion—is held by financial institutions. Texas also has $9 billion in commercial mortgage-backed securities, the third-largest amount after California and New York, according to Trepp.

Mr. Speaker, I believe that the bills that the Congress has worked on since November 2008 will do yeoman's work helping America get back on the right track with respect to the economy and the mortgage foreclosure crisis.

Ms. FUDGE. I want to thank my colleague who is obviously an outstanding lawyer and leader for participating in this hour.

Mr. Speaker, certainly, as you have listened to my colleagues this evening, helping the economy recover is foremost in all of our minds. At this time in our Nation's history, it is important that Congress ensure that Americans have jobs to support themselves and their families, as well as homes to raise these families in. To fix the economy, we must address the foreclosure crisis.

Foreclosures affect all races and incomes. It doesn't just stop in the poor cities, it affects every community in every State. However, the effects on the black community are especially pronounced because of the lower level of homeownership. For many black families, home equity is the main source of wealth because most have lower incomes, little to no savings or investments, and no life insurance policies.

The decline of the housing market is at the center of our economic crisis. Home prices have dropped 18 percent in the last quarter of 2008. It is estimated that each foreclosed home reduces surrounding property values by as much as 9 percent, causing increased concern for even those who are not directly affected by the housing crisis. Nearly 6 million homes are facing foreclosure, and nearly one in five homeowners owes more than their home is worth, and many cannot afford to refinance.

The foreclosure crisis affects every sector of the population, and nearly every person in this Nation. Cities across the Nation are experiencing a crisis that imperils communities and cripples the economy. In my district, the Center For Responsible Lending projected 5,500 foreclosures in 2009—just in the 11th District—and 18,500 foreclosures over the next 4 years. Within the State of Ohio the projection is very grim: 87,500 foreclosures in 2009. In Cuyahoga County, 13,858 were foreclosed in 2008. Cleveland is one of the Nation's big cities in the most need due to its large population of poor families. The city has set aside nearly $11 million to handle some 10,000 homes that have been abandoned primarily due to foreclosure. Much of that money, about $7.5 million, goes to demolition, while the remainder takes care of vacant lots, boarding up windows, picking up trash, and mowing lawns. This money could be used to hire more police officers and to keep more teachers. But because of the risk that goes with abandoned neighborhoods, money needs to go towards foreclosed properties.

As we see far too often, for communities with foreclosed homes, it is a short road from nuisance to blight to crime. Blight affects a city's morale and slows economic growth and development. Abandoned homes also become harbors for criminal activity.

Typically, it is our inner cities that bear the brunt of vacant homes and community blight. But now it can be seen in each and every community, in every development and in every neighborhood. Even the affluent suburbs face the same problems. The suburb of Shaker Heights spent nearly $1 million on foreclosed properties. The city of Euclid had to tear down 18 homes, and Cleveland Heights spent a great deal of money on maintenance on over 250 properties.

I spoke recently with Ms. Arnetta Parker, a long-time resident of Richmond Heights, Ohio, a nice, upper-middle-class suburb. She and her husband have resided in the area for over 35 years and are currently doing fine. However, their community is struggling greatly. Her subdivision has about 80 homes, and on her street alone, four of those homes are vacant. She recalled one of the first times she saw a family be required to move out of their home and how much it hurt her to see a hardworking couple lose their home. The displaced couple had two kids, a teenage son who was very involved in sports and a very young girl. They were uprooted from what was familiar to them, from their schools, their friends and community. They became a part of the crisis.

Just this month, foreclosures.com, a Website that looks at the rise of foreclosures in the United States, found an increase in foreclosures of over 60 percent from January to February. The organization's president, Alexis McGee, opined if foreclosures continue unabated, then the United States could see 1.2 million homes back in lenders' hands by the end of this year.

The Center For Responsible Lending estimates there are 6,600 new foreclosures every day, and that equates to one foreclosure by one family that loses their home every 13 seconds.

This Nation cannot sustain a system in which mortgage servicers prefer foreclosure over mortgage modifications. The Homeowner Affordability and Stability Plan creates incentives for lenders to modify mortgages by bringing mortgages more in line with the value of the home and should reduce the number of home foreclosures. It also encourages servicers to modify mortgages for at-risk homeowners before they are delinquent.

Recent reports show that homeowners are not the only ones suffering in this crisis. Renters are also becoming victims as their landlords lose property to foreclosure. Usually renters are not aware of the foreclosure proceedings. Once the lender has foreclosed, they often provide little notice to tenants before demanding that the tenants vacate the property. Forced from the property, renters may lose their security deposit and everything else they have.

To help insure that similar crises are averted in the future, regulations must be developed that combat mortgage fraud and predatory lending practices. In general, predatory lending covers those practices that are deemed deceptive or fraudulent, that manipulate borrowers through aggressive sales tactics, or that unfairly seize on the borrower's lack of understanding about loan terms.

Predatory lending strips borrowers of home equity, increases the homeowner's chances of foreclosure, and destabilizes communities. Vacant properties invite criminal activities and affect neighboring property values.

□ 2045

The most common predatory lending tactics include excessive fees and abusive prepayment penalties. For example, borrowers with high-interest loans have a strong incentive to refinance as soon as their credit improves. However, as the Center for Responsible Lending estimates, up to 80 percent of all subprime mortgages carry a prepayment penalty. Homeowners become trapped by such provisions, leaving them unable to make cost-effective decisions.

Moreover, studies have shown that predatory lenders often target vulnerable groups, including minority groups, females, elderly, and low-income borrowers. The evidence is clear by the concentration of predatory loans in low-income and minority neighborhoods. Congress and President Obama have both designed legislation to curve the downward spiral in foreclosures. These plans are coordinated among major government and regulatory agencies to bring targeted relief to the American housing market and to homeowners.

The Helping Families Save Their Homes Act, H.R. 1106, is designed to stabilize the housing market by reducing foreclosures, and to help responsible, hardworking Americans who are losing their homes during this economic downturn. It could reduce foreclosures by 20 percent.

The bill ensures that those who seek recourse via chapter 13 can do so through a uniform process. Several important points about the bill are that it protects lenders from lawsuits, it fixes the Federal Housing Administration's HOPE for Homeowners Program by lowering the fees paid by borrowers and lenders, and by providing $1,000 payments to servicers for each successful refinance of existing loans. It reduces current fees that have discouraged lenders from voluntarily participating. As a last resort, it allows bankruptcy judges to modify the terms of loans for families with existing mortgages, just as investors in vacation homes, real estate speculators, and corporations have been able to do for years. And it helps veterans, and others, to avoid foreclosure by allowing the Department of Veteran Affairs, the FHA, and the U.S. Department of Agriculture to guarantee or ensure mortgage loans modified either out of court or in a bankruptcy case.

Mr. Speaker, I thank you for allowing the CBC to have a Special Order this evening. It is my pleasure to have anchored those hours.

PRESIDENT OBAMA'S BUDGET SPENDS TOO MUCH, TAXES TOO MUCH, AND BORROWS TOO MUCH

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 2009, the gentlewoman from Minnesota (Mrs. BACHMANN) is recognized for 60 minutes as the designee of the minority leader.

Mrs. BACHMANN. Mr. Speaker, I thank you for yielding, and I thank you for this opportunity and the kindness to be able to address this body on the issue of taxes. We're very excited to be able to have this opportunity.